

TESTIMONY OF MAKING CHANGE, INC.

Economic and Prosperity Task Force

April 9, 2018

Good evening Members of the Task Force. My name is Jean Sedlacko and I serve as the Chair of the Board of Directors of MakingChange. Also with me is Michael Lee, Executive Director of MakingChange.

MakingChange is a Howard County-based nonprofit that provides financial education to our residents through seminars and individual coaching. We also operate the free tax preparation site, the VITA site, at the Multi-Service Center in Laurel and the Nonprofit Collaborative in Columbia. We also provide pre-purchase homebuyer counseling in coordination with the Howard County Department of Housing and Community Development. The primary clients we serve are low income families and individuals – those simply struggling to make ends meet, and, referrals from many service providers in the County, including victims of domestic violence, single parents in the County's Getting Ahead program, inmates at the County detention center, and many others.

Financial issues can hit ANY of us, regardless of income. But those who are teetering, those who are one crisis away from having the bottom fall out, those who are missing work due to financial stress are struggling in our expensive County. They need our support.

Financial education is and needs to be a key piece of the economic puzzle. It is the lynchpin for the success for those receiving social services, seeking and gaining employment, trying to be stably housed or benefitting from any of the policies or programs you are likely to recommend. Families and individuals with financial education, statistically, are more likely to achieve financial goals. And reaching those goals of stability and self-sufficiency keeps them from sliding back into government subsidies.

The benefits of workforce success, as your enabling legislation calls it, is also the lynchpin of stability for the employers, property management companies and other institutions that are on the other side of the coin. My introduction to MakingChange was through my Community Impact Project when I was in the Leadership Howard County Premier Program. Our task was to see if there was an opportunity for a fee-for-service program for MakingChange through

employer-sponsored financial education sessions – not just your typical 401(k), retirement info provided by benefit companies or banks, but the real, nitty-gritty stuff – like budgeting and savings, credit repair, and identity theft. The biggest lesson for me was not the somewhat dry business of what was good for MakingChange, but the alarming statistics I learned like the following:

- A recent study released as the PwC 2017 Employee Wellness Financial Survey found that 53% of workers are stressed about their finances, and it is often the top cause of stress.
- 46% of workers spend three hours or more during the work week thinking about or dealing with financial issues.
- Employers feel the ripple effect. [Financial Finesse ROI Special Report 2016](#) finds that employees who suffer from overwhelming financial stress or who struggle to maintain financial stability tend to incur both immediate and future financial costs for their employers in the form of absenteeism, garnishments, payroll taxes, and delayed retirement. The ripple effect continues beyond the employer/employee relationship to unpaid bills and collection costs for medical, auto, and a myriad of other services.

We are not here to make a sales pitch of MakingChange! Rather to simply encourage you to build in this important piece of financial education in all you are designing.

And we are here to offer our assistance – particularly through the hands-on experiences and knowledge we have through our wonderful financial coach, seminar presenters, tax volunteers and others.

- We experience every day the struggles of our residents at the micro level. But, in the aggregate, those experiences could lead to macro ideas, policies and programs.
- And we have ideas – some still bubbling around – that we can offer – for example, perhaps
 - we make sure in County competitive funding, entities get awarded points for providing financial education as part of a budget and plan;
 - MakingChange can present at the Chamber about the importance of financial education for both the employee and employer. Did you know employees with the lowest levels of financial wellness cost employers an average of \$95 to \$200 annually? We can likely spend less than that on programs with better outcomes.

In sum, finding ways to promote financial education can and should be a key piece of your efforts. We are here to help.

Thank you.